

# Senate Study Bill 1196 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON BOLKCOM)

## A BILL FOR

1 An Act providing income tax credits for the construction  
2 and installation of solar energy systems and wind energy  
3 systems, and including effective date and retroactive  
4 applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1. NEW SECTION.   **422.11Y Energy system tax credits.**

2     The taxes imposed under this division, less the credits  
3 allowed under sections 422.12 and 422.12B, shall be reduced by  
4 a solar energy system tax credit and a wind energy system tax  
5 credit under section 473B.2.

6     Sec. 2. Section 422.33, Code 2011, is amended by adding the  
7 following new subsection:

8     NEW SUBSECTION.   29. The taxes imposed under this division  
9 shall be reduced by a solar energy system tax credit and a wind  
10 energy system tax credit under section 473B.2.

11    Sec. 3. NEW SECTION.   **473B.1 Definitions.**

12    As used in this chapter, unless the context otherwise  
13 requires:

14    1. "*Allowable costs*" means amounts incurred in the  
15 construction or installation of a solar energy system or a wind  
16 energy system which are determined by the department by rule to  
17 qualify for the tax credit issued pursuant to section 473B.2.

18    2. "*Department*" means the department of revenue.

19    3. "*Solar energy system*" means a solar energy facility which  
20 collects and converts incident solar radiation into energy to  
21 generate electricity.

22    4. "*Wind energy system*" means a wind energy conversion  
23 system that collects and converts wind into energy to generate  
24 electricity, with a nameplate generating capacity of less than  
25 or equal to twenty megawatts.

26    Sec. 4. NEW SECTION.   **473B.2 Tax credits.**

27    1. A solar energy system tax credit or a wind energy system  
28 tax credit shall be issued for the allowable costs incurred in  
29 the construction or installation of a solar energy system or  
30 a wind energy system equal to thirty percent of the cost of  
31 the construction or installation, subject to a maximum credit  
32 of fifteen thousand dollars for commercial or agricultural  
33 construction or installation, or three thousand dollars for  
34 residential construction or installation. The credits shall  
35 be refundable.

1     2. For purposes of this section, "*residential*" means a  
2 primary or vacation residence, and excludes rental property.

3     Sec. 5. NEW SECTION.   **473B.3 Tax credit certificate —**  
4 **application and issuance.**

5     1. *a.* To receive a tax credit as described in section  
6 473B.2, a taxpayer shall file an application with the  
7 department, the form and content of which shall be determined  
8 by the department by rule. If upon receipt of a completed  
9 application, the department finds that the person is qualified  
10 for a solar energy system tax credit or a wind energy system  
11 tax credit, the department shall calculate the amount of the  
12 tax credit for which the person is eligible and shall issue  
13 the applicable tax credit certificate to the person or notify  
14 the person in writing of its refusal to do so. The tax credit  
15 certificate may be applied against tax owned pursuant to  
16 chapter 422, division II and III for the year in which the  
17 allowable costs were incurred.

18     *b.* At a minimum, qualification criteria for issuance of  
19 a certificate pursuant to paragraph "*a*" shall include the  
20 following:

21       (1) An applicant shall complete and submit an energy audit  
22 conducted either by or on behalf of the applicant's electric  
23 utility or through a private energy audit service.

24       (2) The solar energy system or wind energy system must  
25 qualify for the energy star efficiency rating developed by the  
26 United States environmental protection agency, or a similar  
27 certification program or status designated by the department  
28 by rule.

29       (3) The installation must be performed by a licensed or  
30 certified installer qualified to install solar energy systems  
31 or wind energy systems and related equipment, and must meet or  
32 exceed all requirements of applicable local building codes and  
33 ordinances.

34     2. A person whose application for a solar energy system  
35 tax credit certificate or a wind energy system tax credit

1 certificate is denied may file an appeal with the department  
2 within sixty days from the date of denial pursuant to the  
3 provisions of chapter 17A.

4     3. If a solar energy system tax credit certificate or a wind  
5 energy system tax credit certificate is allowed with respect  
6 to residential, commercial, or agricultural property and such  
7 property is sold, the credit for the period after the sale  
8 which would have been allowable under this chapter to the prior  
9 owner had the property not been sold shall be allowable to the  
10 new owner. A tax credit for the year of sale shall be allocated  
11 between the parties on the basis of the number of days during  
12 such year that the property was owned by each.

13     Sec. 6. NEW SECTION.   **473B.4 Reporting.**

14     On or before January 1, annually, the department shall  
15 submit a written report to the governor and the general  
16 assembly regarding the number and value of tax credit  
17 certificates issued under this chapter, and any other  
18 information the department may deem meaningful and appropriate.

19     Sec. 7. **EFFECTIVE UPON ENACTMENT.** This Act, being deemed of  
20 immediate importance, takes effect upon enactment.

21     Sec. 8. **RETROACTIVE APPLICABILITY.** This Act applies  
22 retroactively to tax years beginning on or after January 1,  
23 2011.

24                                   **EXPLANATION**

25     This bill provides tax credits for the construction and  
26 installation of solar energy systems and wind energy systems,  
27 as defined in the bill.

28     The bill provides that a solar energy system tax credit  
29 and a wind energy system tax credit shall be issued for the  
30 allowable costs, as determined by the department of revenue,  
31 incurred in the construction or installation of a solar energy  
32 system or a wind energy system. The credits shall be equal to  
33 30 percent of the cost of the construction or installation,  
34 subject to a maximum credit of \$15,000 for commercial or  
35 agricultural construction or installation or \$3,000 for

1 residential construction or installation. The bill specifies  
2 that the credits shall be refundable, and clarifies that  
3 "residential" means a primary or vacation residence, excluding  
4 rental property.

5 The bill sets forth application and issuance procedures  
6 in relation to obtaining a tax credit certificate, to be  
7 developed by the department by rule. The bill provides that,  
8 at a minimum, qualification criteria shall include submission  
9 of an energy audit conducted either by or on behalf of the  
10 applicant's electric utility or through a private energy audit  
11 service, qualification of the system for the energy star  
12 efficiency rating developed by the United States environmental  
13 protection agency or a similar certification program or  
14 status designated by the department by rule, installation by  
15 a licensed or certified installer qualified to install solar  
16 energy or wind energy systems and equipment, and meeting or  
17 exceeding all applicable local building code and ordinance  
18 requirements.

19 The bill states that if the department finds that a person  
20 is qualified for a solar energy system tax credit or a wind  
21 energy system tax credit, the department shall calculate the  
22 amount of the tax credit for which the person is eligible and  
23 either issue the applicable tax credit certificate to the  
24 person or notify the person in writing of its refusal to do so.  
25 The tax credit certificate may be applied against individual  
26 or corporate tax owed pursuant to Code chapter 422, division  
27 II and III for the year in which the allowable costs were  
28 incurred.

29 The bill authorizes a person whose application is denied to  
30 file an appeal with the department within 60 days from the date  
31 of denial, and provides for the proration or allocation of a  
32 credit in the event property subject to a tax credit is sold.  
33 The bill contains reporting requirements regarding the number  
34 and value of tax credit certificates issued, and any other  
35 information the department deems meaningful and appropriate.

S.F. \_\_\_\_\_

1     The bill takes effect upon enactment, and applies  
2 retroactively to tax years beginning on or after January 1,  
3 2011.